UNITED NATIONS

World Chronicle

PROGRAMME: No. 611, recorded 29 November 1995

GUEST: **James Gustave SPETH**
Administrator
United Nations Development Programme (UNDP)

JOURNALISTS: Mike Cahill, Monitor Radio
Bhaskar Menon, *International Documents Review*

MODERATOR: Michael Littlejohns

REFORMS AND DEVELOPMENT

James Gustave SPETH, Administrator of the United Nations Development Programme (UNDP), elaborates on the need for reforms in the United Nations system in general and in UNDP in particular. Reforms should be implemented at all levels in all UN organs. Peace, human rights, democratization and environmental protection can be achieved only in the context of sustainable human development. UNDP is building a leaner, more accountable organization. It has changed its focus from working independently to becoming a strong development partner with other UN agencies who help victims of crisis.

WORLD CHRONICLE is produced by the Media Division, Department of Public Information, United Nations, New York, NY 10017, U.S.A.

Duration:	28:00"
Executive Producer:	Kamil Taha
Director:	Ivan Stoynov
Production Assistant:	Ellen McGuffie

Best copy available

ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

As the United Nations enters its second half century, it's faced with global challenges of unprecedented urgency and complexity, but with limited resources available. To meet these challenges, the United Nations system must rise to the task of revitalization, renewal and reform. The United Nations Development Programme, or UNDP, is currently undergoing a transformation process, slimming down and changing priorities to respond to today's development challenges.

Our guest today is James Gustave Speth, Administrator of UNDP. Joining me to talk with Mr. Speth are Mike Cahill of Monitor Radio and Bhaskar Menon of the *International Documents Review*.

Mr. Speth, welcome to World Chronicle.

SPETH: Thank you. Pleased to be here.

LITTLEJOHNS: Mr. Administrator, we seem to hear nothing these days except talk of reform in the United Nations. There's the old American saying, if it ain't broke, don't fix it, so the United Nations surely ain't broke, except financially, so why does it need all this fixing? I mean, it seems to me that the UN has done a pretty good job chugging along over the years, 50 years in fact, without the kind of changes that are now being demanded. Why is there suddenly at this stage of its life all this call for reform and reinvention, et cetera?

SPETH: Well, I think the UN does need to be reformed. I'm a pro-reform person in the UN, and I think this is very important. Reform has to be looked at at different levels within each organization, including my organization, the UN Development Programme, within the overall system of providing development assistance services, and other services, to Governments around the world, and then in the inter-governmental process, the decision-making process here in New York, with Governments. And I think all three areas need to be reformed and strengthened.

None of this is to diminish at all the tremendous accomplishments that the UN has seen and been party to in its first 50 years. But we are moving into a new world, the resources are more scarce. I think part of the call for reform stems from the fact that people are expecting a great deal from the UN. And you –

LITTLEJOHNS: More than perhaps it can deliver. Realistically.

SPETH: Certainly more than it can deliver with current resources. And the decision-making machinery, in various ways, and our delivery machinery, in other ways, need to be strengthened to respond to new challenges. The challenges have changed. People are

expecting a lot of the UN. The UN is under intense scrutiny. There are areas of the UN that have grown dramatically. And I think all of this is coming – and resources are tight around the world, and there's a lot of scepticism about international cooperation. There's a sort of turning inward in a lot of countries, a provincialism, in some cases a kind of nasty nationalism, and this is putting a lot of pressure on all of us in the UN to better justify what we do, to better articulate why we do it, and to change the way we do things.

LITTLEJOHNS: So as a reformer, what reforms are you instituting in UNDP?

SPETH: Well, we've made a number of very important changes over the last few years. Some of them predate my arrival there, and I give my predecessors and the people that worked with them a lot of credit for starting many of these initiatives. First, we have worked to build a leaner and more accountable organization. I think the public wants this of the United Nations. So we have achieved about a 15 per cent reduction in our core staff, to become more lean and more effective –

LITTLEJOHNS: By core staff, you mean administrative staff in New York?

SPETH: Well, I mean the – no, the staff in New York has actually been – the core staff has been reduced by 30 per cent in New York, and overall by about 15 per cent. And we also are using external auditing firms to audit all of our country offices in Asia and Africa now. We have very transparent procedures for reviewing promotion and hiring decisions which get away from the old boy network and insure that there are accountable evaluations. We also have insisted on personal liability for financial loss to the organization. In these and other ways –

LITTLEJOHNS: Here you're talking about possible corruption and waste, abuse?

SPETH: Corruption and gross negligence, and mismanagement, yes. And other procedures are in place to insist on a high level of accountability. The UN – I think in general the problems of the UN in this regard have tended to be over-exaggerated by some of its critics. But there are problems in any large organization. We have offices in 135 countries around the world, a very diverse international staff, 85 per cent of our staff in these offices serving the needs of real people around the world. But when you have that kind of a network, and you're processing almost $2 billion a year in US dollars coming through, you always can have problems. Any organization could have a problem. So we have to be tough.

The other major reform that we've taken is to focus the organization in a way that really targets our limited resources to maximum benefit. We have made poverty elimination the over-riding objective of the organization. Within that context we are trying to focus our efforts on those initiatives that would help families achieve sustainable livelihoods, to earn a decent living, to find a decent job, to sustain themselves and their families.

And we've also made a major commitment to the low income countries of these core resources, which are about a half of our total, so about a billion of our dollars. We have allocated very heavily towards the lowest income countries. Sixty per cent of those resources go to countries with incomes of less than $350 per year per capita, the least developed countries; 90 per cent of those resources go to countries with incomes of less than $750 dollars per capita per year. So this is a dramatic orientation towards poverty.

We've also focused very heavily on issues of governance, because too often the development work around the world has focused on the economy and not on what we call the polity, or the political and governmental process. And so we are working extensively now on issues of governance, both in government itself and in civil society.

CAHILL: Mr. Speth, how is the UN's current budget problem affecting your programmes in those countries and your effort to streamline and reform UNDP?

SPETH: Well, those are two different questions. Let me say first that, right at the moment when the development assistance community is freed from all of the distorting effects of the cold war -- and they were tremendous; right at the moment when the needs of the developing countries are mounting dramatically, driven by a variety of forces; and right at the moment when we believe, and I think correctly, that we know a lot more about how to do our work and to be of genuine help, we find development assistance resources stagnating, and in some countries seriously threatened and falling off.

Our resources have held level in nominal dollars, which means they're going down ever so slightly every year in real terms. And that's one reason we've had to become a tighter and leaner organization, but it also means we can do less. And we have -- the biggest problem I see when I go around the world and visit our programmes is our inability to launch initiatives that are on a scale with the problems of the country. We cannot go to scale, so to speak, in helping Kenya deal with its employment problem in the informal sector, for example. And so we have a desperate need to scale up our programme, we have the ability to scale up our programme, we know a lot more about how to do it, the needs are growing, but the resources in real terms are actually shrinking. And this is a great tragedy.

Now, I just wanted, if I can, to get to the other part of the question. Some people believe that by reducing the resources of the UN that they can further the process of reform in the UN. I think it's just the opposite. I think the UN will respond very positively to financial incentives and to increases in resources linked to positive reforms. But to strangle the Organization creates just the wrong psychology. And reform has become associated in people's minds with cuts, with building a boutique UN that does a couple of little things around the world, and not building the great world body that we should be building, that's a body, a group of organizations, a group of Governments that are capable of addressing in a

common way the world's greatest problems. And so we have this terrible problem now that the very advocates of reform are also some of the Governments which are cutting their resources most significantly, and they are poisoning the well of reform.

MENON: You used the phrase "the end of the distorting effects of the cold war". Could you be more specific? What exactly are the adjustments that you've been called upon to make?

SPETH: Well, first, so much development assistance during the cold war was used to either fight communism or, in the case of the Soviet Union, to promote communism, or to buy friends, even to the extent of propping up dictatorial regimes and repressive regimes, and doing a lot of other bad deeds that we know were done. And development assistance was affected by all this. And if you look at some of the problem areas in the world today, they were old – a lot of them were old cold war battlefields, where a lot of development assistance was spent. So people say, well, you spent a lot of development assistance in country X and Y, and look, the country's falling apart, or there's internal strife. But the answer is that that money was misspent. It wasn't spent on real development assistance, it was spent to fight the cold war.

And now we are free of that. And I think the UN, by the way, has always been free of that. It was mostly the bilateral agencies that were doing this. But even we, now, are freer, I think, to become more involved, for example, in the issues of governance, and to become more engaged with Governments in promoting elections, in promoting economic transitions. We have tremendous demand in our Programme to move from planned economies to successful market-based economies that can access the benefits of globalization.

LITTLEJOHNS: But Mr. Speth, how can UNDP do that without being accused, perhaps validly, of interfering in the internal affairs of a Member States of the UN, which is something that the Charter forbids?

SPETH: Well, we certainly would never do that. And the reason it would not be interference in our case is that all of these initiatives that we take are at the request of the host Government. So we are repeatedly asked by the host Government –

LITTLEJOHNS: So the host Government says, "We want more democracy" –

SPETH: Absolutely.

LITTLEJOHNS: – and you help them out?

SPETH: We have helped to strengthen legislatures, parliamentary systems; we have helped to build independent judicial systems; we have helped to strengthen and make more independent the public service, the civil service, through administration, administrative reforms. And this wide range of governance initiatives, which is so essential to successful

management of the development process, is now one of our main lines of business, but it is always at the request and the instigation of the Government.

CAHILL: Mr. Speth, in some of the material I've looked at recently about UNDP, you've talked about going to a more incentive-based aid distribution programme as opposed to entitlement. Could you speak a little bit about that, and how that's –

LITTLEJOHNS: Before you answer that, Mr. Speth, this is **World Chronicle**, our guest is James Gustave Speth, Administrator of the United Nations Development Programme.

SPETH: For decades, UNDP operated under a system through which the money that we have available was allocated to countries simply on the basis of a mathematical formula. And countries naturally assumed that that was an entitlement that they had. And what we now have is a more flexible system, based more on performance. And so we have an opportunity now to evaluate proposed country programmes and to give slightly more or slightly less to the country, and spend in the country slightly more or slightly less, depending on the quality of the programming, and the performance, and the orientation of it towards poverty, towards advancement of women, towards job creation, towards environmental protection, and other priorities set by our board. So this gives us an incentive-based system, and I think over time we hope that Governments will all get a very significant amount.

MENON: In a larger sense, if you could look at that, what has been the effect on UNDP of the move away from central planning towards market economies? What has been the ideological fallout in the area of multilateral aid?

SPETH: Well, I think the principal consequence for us has been a tremendous demand on our country offices to help Governments make these transitions. And so we are frequently asked to assist with privatization, to assist with the sponsorship of programmes to stimulate entrepreneurship, small and medium scale enterprise development –

MENON: You even have a programme of training entrepreneurs, don't you?

SPETH: Yes, in many countries. It's a very common feature of the Programme. And we're also very concerned, of course, that these globalization trends – in trade, in foreign investment, in technology flows – are actually benefitting the poorest countries. And today, unfortunately, they're not. You have scores, I think it's fair to say scores, of countries which risk becoming even more marginalized by globalization, unless the international community helps.

MENON: Could I just link what you just said to something you said earlier, which is that a major problem is a matter of scale, that UNDP in a country very often cannot match the scale of demand. How do you handle that problem?

SPETH: Well, right now we try to select those interventions, those initiatives, those projects which will have the largest benefit, the largest leverage effect, and also to use our limited resources to mobilize other resources, to combine what we can bring to the table with what others can bring to the table.

MENON: With the World Bank, IMF, and –

SPETH: Exactly. I was recently at an all day meeting at the World Bank where we talked about joint initiatives in Angola and in other places where we have major common concerns.

MENON: But how closely do you work with bilateral aid givers, like USAID, which is the largest, or Japan?

SPETH: We work very closely with a lot of the bilateral programmes. Indeed, we have in our Programme, which I think mentioned is about $2 billion a year – about half of that is funds that are provided to us not as a part of our core or unrestricted support, but funds that come to us for special purposes. And much of that comes from the bilateral programmes. For example, the Japanese bilateral programme is heavily supporting our work in environment and our work with the Palestinian people.

CAHILL: Mr. Speth, you hinted at this a few minutes ago, but are you now in a position where you have to start making tough choices, because of the money problems, about what kind of projects you can start or projects you might have to start scaling back a little bit?

SPETH: Yes. I think, on a daily basis, we sacrifice very worthy projects in virtually all of our countries. And often the projects that we are able to undertake are just too small to make the difference that's needed. I think people have tended to lose sight of the extraordinary – the people in the industrial countries, in the OECD countries, have tended to lose sight of the extraordinarily difficult plight faced by most people on the planet today still, and the success of a relatively small number of newly industrializing countries has given the impression that the world is really on a generalized track towards development. And I'm afraid that there are upwards of 60 countries or more which are simply not in that situation today. And even within some of the countries which are developing rapidly, there are huge pockets of poverty, and often the development patterns that are occurring are leading to increased divisions within society rather than to equitable growth. So there's a tremendous need for development cooperation to help deal with these problems.

MENON: Over the last six years UNDP has led the way in pointing out the skewed priorities in development aid –

SPETH: Yes.

MENON: – through the Human Development Reports, the annual reports you issue. How effective do you think this initiative has been in changing priorities?

SPETH: Well, I think the single most important publication series of this type has been the Human Development Report. I think it has been an extraordinarily influential set of now six publications, and right at the time when we were about to capitulate to aggregate economic growth as the be-all and end-all of development, the Human Development Reports came along and said, no, there are other issues, too, there's the human dimension of development, and development has to be for people, of people, by people if it really is going to mean anything. And I think the Report and the various subsequent developments of this concept, looking at the status of women and other issues, have been extremely influential.

MENON: But the actual spending of money, has that changed? Have the priorities – is substantially more going to education?

SPETH: We have seen a trend towards more social spending – for example, at the World Bank, a dramatic increase in social spending. This was always where most of the UN's expenditures have been, but in the World Bank and in other institutions there has been a shift – not enough of a shift, in our judgement. And there are still some very odd peculiarities in the pattern of development assistance. It's not correlated closely with need, or as closely with need as it could be, across the board.

Let me just say, a point that I feel that I have to make, in my judgement there is really no prospect of meeting the great goals that societies have set for themselves through this institution of the United Nations, not peace, not environmental protection, not population stabilization, not an end to hunger, disease, none of these things is going to happen except in the context of real development. And there's no institution in the world that has a track record as good as the UN does in promoting that type of development, people-centred development. And that's what's threatened today, and that's what's at stake.

CAHILL: In the past you and other UN officials have talked about the need to better coordinate aid efforts by different UN agencies. Have there been any specific steps taken so far that you know to better coordinate competing agendas, competing fund raising activities, competing projects?

SPETH: Well, the UN is a fragmented system, and there are too many entities tending to go their own way. And I think this is now recognized. So for the past couple of years there have been serious efforts to bring this system together into a more coherent and organized pattern. The resident coordinator system operates at the country level now and has been dramatically strengthened so that the resident coordinator can really pull the UN together at the country level. And at the headquarters level we're coming together around some very important initiatives: the follow-up to the UN conferences, on population in

Cairo, on social development in Copenhagen, and in Beijing on the advancement of women. We now have an organized framework for bringing the entire UN together, including the World Bank, around the follow-up to these conferences. We're doing the same thing on HIV/AIDS, where we have a major UN programme which brings six of us together. So this coordination is happening both at the global level and at the country level.

LITTLEJOHNS: Mr. Speth, you mentioned a couple of times the World Bank. The World Bank and the International Monetary Fund have been accused of setting rather harsh conditions for loans. Now, I realize that UNDP is in the business of grants, not loans. Do you set conditions for your grants?

SPETH: No, we don't. In the sense of requiring – we have a focus, just as UNICEF would focus its efforts on children, and the UN Population Fund would focus its efforts on population concerns. We have certain things that we focus on. But in terms of conditionalities, of imposing requirements beyond focus in order to get our funds, we don't do that. The UN doesn't do that. And I think it's one of the – we see it as a strength. There undoubtedly is a role for conditional assistance in the world, but to have a major programme that doesn't do that as well can also be extremely valuable. So we have been able to work very closely with Governments, to develop trust, to develop a very close relationship, and that relationship of trust and confidence allows the UN to do things that neither the bilateral agencies nor agencies which impose strong conditionalities can do.

MENON: For instance, when you – on this matter, when you speak to government decision-makers who decide how much money UNDP's going to get, do they set conditions on you? Do they say you have to do this and this and this before we give you the money?

SPETH: Well, I think that's the wrong way to look at it. We pride ourselves on having country-driven programmes, on having country-ownership of our programmes, and indeed, having country financing with us of these initiatives, because that's the only way that the initiatives will be sustained. That's the only way that the money won't be spent on irrelevant or extraneous purposes, but will be spent where the people in the country really want it spent. So this country-driven ownership of the programme is extremely important to us.

MENON: But when you do talk to, say, the people in Washington, –

SPETH: Yes.

MENON: – or the people in Tokyo, who are the two largest aid givers in the world, do they set conditions on you?

SPETH: They don't set conditions. And in our core support, half of our support, they can say basically nothing about how the money is spent, other than their role through our Executive Board, which includes 36 governments, north and south, east and west. But in

the other half of our funding, the restricted funding, yes, they say we want these funds spent to assist the return of Rwandan refugees from Zaire, or we want these funds spent on Government initiatives in the least developed countries. And we, of course, do that.

LITTLEJOHNS: Mr. Speth, I'm sure that we could go on a good deal longer, get a lot more information out of you, but I'm afraid that time is of the essence as they say in the UN, and that's all the time we have. Thank you for being with us on this edition of **World Chronicle**.

SPETH: Thank you.

LITTLEJOHNS: Our guest has been James Gustave Speth, Administrator of the United Nations Development Programme. He was interviewed by Mike Cahill of Monitor Radio and Bhaskar Menon of the *International Documents Review*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.

* * * * *

Transcripts of the programme may be obtained free of charge by sending a stamped, self-addressed envelope to: **World Chronicle**, United Nations, Room S-827, New York, New York, 10017, USA.

World Chronicle is broadcast worldwide and features guests whose work is concerned with major global issues. This programme is a public affairs presentation of this station from United Nations Radio and Television.

Additional information material about the United Nations can be obtained by writing to the Public Inquiries Unit, United Nations, Room GA-57, New York, New York, 10017, USA, or the UN Information Centre in your country.